

Expansion in the National Income Continued in 1935

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LARGER income in each of the 12 major industrial divisions into which the industries of the Nation have been classified served to increase the total national income produced to 53 billion dollars in 1935, or 4.6 billion dollars more than in 1934, and to increase the national income paid out 3.4 billion dollars to a total of 53.6 billion dollars in 1935. The substantially larger rise in income produced than in income paid out led to a reduction in negative business savings¹ from 1.8 billion dollars in 1934 to 0.6 billion dollars in 1935. In each industrial division the 1935 gain in income produced was larger than in income paid out. Except for slight declines in interest and in work relief wages, each type of income payment recorded an increase over that of 1934. Per capita incomes also increased appreciably in 1935. For some industries and types of payment the gains in 1935 were not so large as in 1934, but the improvement was more widespread in 1935 than in the preceding year.

Nature of the Estimates.

Estimates presented in the following tables have been prepared by the Department of Commerce as a continuation of the work initiated in this field of inquiry several years ago in response to a Senate resolution requesting a study of the national income.² The basic concepts and scope of the estimates included herein are substantially unchanged from those followed in preparing previous estimates. Available space does not permit a comprehensive discussion of the concepts involved in the estimates, but a brief review of the definitions will help to clarify the meaning of the terms used for those who have not read the earlier publications.

The "national income produced" may be defined briefly as the net value of goods and services produced in any one year, and represents the value of all commodities produced and services rendered, less the value of the stock of goods in the form of raw materials and capital equipment which has been consumed in the processes of production. In the production of these goods and the rendering of these services, the individuals of the Nation contribute productive efforts or

services in the form of labor, management, and the furnishing of capital. The payments to, or receipts by, individuals in the form of wages, salaries, interest, dividends, entrepreneurial withdrawals, and net rents and royalties for these services comprise what is termed the "national income paid out." If the income produced in any one year is in excess of the income paid out, then the business enterprises have retained a portion of the net product and this excess is termed "business savings", or, more precisely, "positive business savings." If, on the other hand, the income produced is smaller than the income paid out, then the business enterprises of the Nation have maintained income payments by drawing upon their capital and

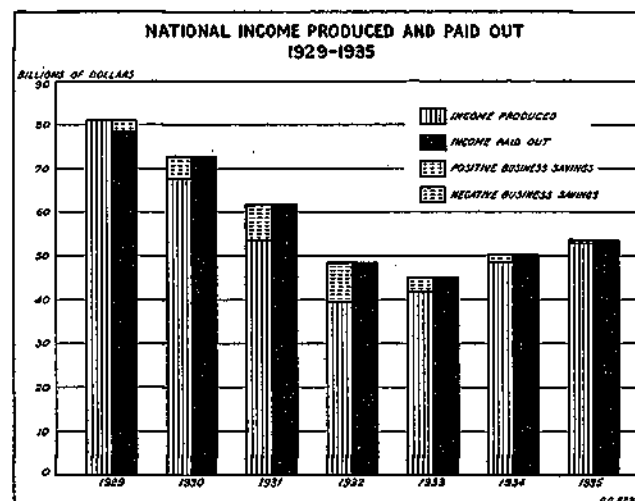


Figure 1.—National Income Produced and Paid Out.

surplus and these drafts are termed "negative business savings." Both income paid out and positive or negative business savings are estimated directly, whereas income produced is determined by adding positive savings to, or deducting negative savings from, income paid out.

In the earlier publications the term "business losses" was used instead of "negative business savings" and the change was made after considerable thought and consultation, because of the misleading nature of the former term. While the new term is not entirely satisfactory, it will better serve the present needs than did the earlier one.³ The estimates of positive and negative business savings should not be confused with figures of profits or losses of business enterprise as

¹ Note discussion on terminology and definition. The terms "positive business savings", and "negative business savings" have been adopted to replace the terms "business savings" and "business losses" used in previous reports.

² To date, the series of publications resulting from this work includes National Income, 1929-32, S. Doc. 124, 73d Cong., 2d sess. (now out of print), and articles in the January 1935, August 1935, and November 1935 issues of the Survey of Current Business. A new volume entitled "National Income in the United States, 1929-35", which is now at the Government Printing Office, presents the income estimates in the same complete detail as shown in the Senate document, and also contains discussions of the concepts, scope, limitations, and sources and methods of the estimates. This volume will be ready for distribution by the Superintendent of Documents within the next few weeks, and an announcement of its availability and the price will be carried in a subsequent issue of the Survey of Current Business.

³ Further consideration is being given to the clarification of the concepts of income and to the questions of terminology in this field by the National Conference on Wealth and Income, a group composed of representatives from universities, private research organizations, and Government research agencies interested in the field of income. Proposals relating to concepts and terminology will be made and discussed at the next meeting of the conference early in 1937.

ordinarily used, since the former represent the residual after the disbursement of dividends by corporations, and entrepreneurial withdrawals by unincorporated enterprises, whereas the latter is commonly regarded as the amount available for dividends or withdrawals. It is well to note further that the actual estimates of positive or negative savings are deficient for the purpose of adequately measuring the accumulations of, or drafts upon, capital and surplus from current operations. This is because of the limitations inherent in data based upon the inconsistent and variable accounting practices which are followed by different business establishments, and also because basic data from business income statements do not yield entirely satisfactory figures for use in a study of the national income. Moreover, the lack of basic data precludes the making of satisfactory estimates of business savings of individuals, and hence these estimates are subject to much wider margins of error than are the estimates of corporate savings.

Income Produced and Paid Out Nearly Balance in 1935.

In 1935, for the third consecutive year, the national income produced recorded a substantial gain. The net value of goods and services produced increased from 48.4 billion dollars in 1934 to 53.0 billion dollars in 1935, a gain of 10 percent. The 1935 estimate, as shown in table 1, compares with 39.5 billion dollars in the low year of 1932 and 81.0 billion dollars in 1929. The gain of 13.4 billion dollars, or 34 percent, from 1932 to 1935 is equal to approximately one-third of the drop which occurred from 1929 to 1932. Despite this gain, the 1935 total is still more than one-third below the 1929 level, although the real income is much higher relative to 1929 because of the decline in prices which will be discussed later.

Table 1.—National Income Produced and Paid Out
(Millions of dollars)

Item	1929	1930	1931	1932	1933	1934	1935
Income produced.....	81,034	67,917	53,584	39,545	41,742	48,397	52,959
Total savings.....	2,402	-5,015	-8,120	-8,817	-3,198	-1,776	-628
Corporate savings.....	1,423	-3,009	-5,877	-6,368	-2,796	-2,340	-1,443
Business savings of individuals.....	979	-1,108	-2,243	-2,451	-402	563	815
Income paid out.....	78,632	72,932	61,704	48,362	44,940	50,174	53,587
Percentages of 1929							
Income produced.....	100.0	83.8	66.1	48.8	51.5	59.7	65.4
Total savings.....	100.0	-59.6	-99.0	-110.0	-132.0	-70.0	-26.0
Corporate savings.....	100.0	-212.0	-413.0	-447.0	-196.0	-164.0	-101.0
Business savings of individuals.....	100.0	-113.0	-229.0	-248.0	-41.0	57.0	83.0
Income paid out.....	100.0	90.0	75.0	59.0	55.0	64.0	66.0
Bureau of Labor Statistics cost of living index.....	100.0	97.9	89.5	80.8	76.2	78.7	81.1
Bureau of Labor Statistics wholesale price index.....	100.0	90.7	76.6	68.0	69.2	78.6	83.9

The 3.4-billion-dollar rise in the national income paid out in 1935 brought the total to 68 percent of the 1929 total. From a peak of 78.6 billion dollars in 1929, aggregate

income payments declined to 44.9 billion dollars in 1933. From 1933 to 1935 income paid out increased by 8.6 billion dollars, or 19 percent. Thus, more than one-fourth of the decline from 1929 to 1933 has been regained through the subsequent rise. If work relief wages are eliminated from the estimates, the increase from 1933 to 1935 has been approximately 8 billion dollars.

Of particular significance is the marked decline which has taken place since 1932 in negative business savings. The year 1929 was the last in which income produced was larger than income paid out. In each year subsequent to 1929 the income disbursed has exceeded the income produced. The estimated negative savings of approximately two-thirds of a billion dollars in 1935 are about one-third as large as in 1934; they are less than 8 percent as large as in 1932; and they are the lowest of any year of the depression. In 1932 only 82 percent of the national income paid out came from the income produced by the business enterprises of the Nation, the remaining 18 percent representing negative business savings. In 1935 the income produced equaled nearly 99 percent of the income paid out. Although part of this sharp reduction in negative business savings since 1932 is due to the increased valuation of inventories as a result of the advance in prices, nevertheless the change reflects not only the basic improvement which has occurred during that period but also serves to indicate an early return to the point where the business establishments of the country will, as an aggregate, be able not only to pay dividends but also to enjoy positive business savings.

The estimates of corporate savings and business savings of individual entrepreneurs are shown separately in table I because of the variation both in the methods of preparing the estimates and in their probable degree of accuracy. Although both series are subject to serious limitations because of the nature of the basic data, nevertheless the bases for the estimates of business savings of individuals are much less satisfactory than are those for the estimates of corporate savings. The estimates for unincorporated establishments are influenced largely by data on agriculture, a field of activity in which the lack of information necessitates the use of many questionable assumptions.

Price Changes Influence Income Fluctuations.

Variations in the dollar volume of the national income are highly significant in measuring the cyclical movements of the economic activities of the Nation. More important, however, is a measure of the physical volume of goods and services produced, since changes in real income more satisfactorily serve to indicate the nature and extent of changes in the productivity of the national economy and the amount of product distributed. There is, however, no common unit for combining all of the various types of goods and services produced

other than the monetary unit; and, unfortunately, there are no price series which are adequate for converting the dollar volume of the national income into the physical volume. The Bureau of Labor Statistics indexes of wholesale prices and of the cost of living are not suitable for adjusting the income totals for price variations. The wholesale price series is no doubt too sensitive for adjustment purposes, since it represents only commodity prices and takes no account of the prices for different types of service, whereas the national income produced consists of both goods and services. To properly convert the dollar volume of all goods and services produced to their physical volume a series of representative price indexes for each type or group of commodity or service would be needed. The cost-of-living index, another that is sometimes used for want of a better measure, refers only to urban wage earners and therefore has serious limitations for use in adjusting for price fluctuation the total income paid out. In order to provide a satisfactory base for determining changes in the real purchasing power of income received by individuals, the cost-of-living index would have to be representative of the whole population. Fully recognizing the shortcomings of these indexes, they may nevertheless be used to indicate very roughly the influence of price changes upon the national income.

It is evident from the figures shown in table 1 that there was a marked contraction in the quantity of goods and services produced and distributed in 1932 as compared with 1929, and a substantial increase thereafter.

Fluctuations in Types of Payments.

The compensation of all employees rose more than 7 percent in 1935, whereas total dividends and interest payments increased 2 percent. Income receipts of employees in 1935 were 70 percent as large as in 1929, while bondholders and stockholders in 1935 received 65 percent as much as in 1929. From the low in 1933 to 1935 the compensation of employees increased 23 percent and property income rose 5 percent. Entrepreneurial withdrawals rose 8 percent in 1935, and were 70 percent as large as in 1929. Preliminary data indicate an increase of approximately 10 percent from 1934 to 1935 in net rents and royalties.

In those industries for which salaries and wages can be segregated, the greater rise in wages than in salaries in 1935 further reduced the disparity in the movement of these two series which had accumulated during the declining phase of the cycle. Wages increased 13 percent in 1935 in these industries (manufacturing, mining, construction, steam railroads, Pullman, railway express, and water transportation), while salaries increased 5 percent. The decline from 1929 to 1932 was 59 percent in aggregate wages and 40 percent in aggregate salaries. From 1932 to 1935 wage payments rose 45 percent, while salary payments in 1935 were but slightly

higher than in 1932; as a result, these two series bore approximately the same relationship to each other in 1935 as in 1929. The trend of neither wages nor salaries in the selected industries can be used as representative of the trend of either wages or salaries in all industries, since the effects of the depression were more pronounced in those industries wherein salaries and wages can be segregated than in the other industries.

Table 2.—National Income Paid Out by Types of Payment

[Millions of dollars]

Item	1929	1930	1931	1932	1933	1934	1935
Total income paid out.....	78,632	72,932	61,704	48,362	44,940	50,173	53,587
Total compensation of employees.....	51,487	47,198	39,758	30,920	29,420	33,528	36,057
Salaries (selected industries) ¹	5,663	5,548	4,606	3,387	3,048	3,250	3,417
Wages (selected industries) ¹	17,197	14,251	10,608	7,017	7,189	8,944	10,149
Salaries and wages (all other industries) ²	27,690	26,409	23,461	19,417	17,591	19,046	20,173
Work relief wages ³					619	1,389	1,313
Other labor income.....	937	990	1,053	1,099	973	899	1,005
Total dividends and interest ³	11,218	11,302	9,764	7,980	6,969	7,211	7,303
Dividends.....	5,964	5,795	4,312	2,754	2,208	2,549	2,830
Interest.....	5,104	5,305	5,169	4,975	4,592	4,569	4,422
Entrepreneurial withdrawals.....	12,503	11,668	10,036	7,992	7,306	8,052	8,701
Net rents and royalties.....	3,424	2,786	2,096	1,470	1,245	1,382	1,526
Percentages of 1929							
Total income paid out.....	100.0	92.8	78.5	61.5	57.2	63.8	68.1
Total compensation of employees.....	100.0	91.7	77.2	60.1	57.1	65.1	70.0
Salaries (selected industries) ¹	100.0	98.0	81.3	59.8	53.8	57.4	60.3
Wages (selected industries) ¹	100.0	82.9	61.7	40.8	41.8	52.0	59.0
Salaries and wages (all other industries) ²	100.0	95.4	84.7	70.1	63.5	68.8	72.9
Work relief wages ³		105.7	115.6	117.3	103.8	95.9	107.3
Other labor income.....	100.0	106.7	113.8	117.3	103.8	95.9	107.3
Total dividends and interest ³	100.0	100.7	87.0	71.1	62.1	64.3	65.1
Dividends.....	100.0	97.2	72.3	46.2	37.0	42.7	47.5
Interest.....	100.0	103.9	101.3	97.5	90.0	89.5	86.6
Entrepreneurial withdrawals.....	100.0	93.3	80.7	63.9	58.4	64.4	69.6
Net rents and royalties.....	100.0	80.8	61.2	42.9	36.4	40.4	44.6

¹ Includes mining, manufacturing, construction, steam railroads, Pullman, railway express, and water transportation.

² Includes pay rolls and maintenance of Civilian Conservation Corps enrollees and pay rolls of Civil Works Administration, Federal Emergency Relief Administration and Works Progress Administration work projects plus administrative pay rolls outside of Washington.

³ Includes also net balance of international flow of property incomes.

Work relief wages declined from 1,389 million dollars in 1934 to 1,313 million dollars in 1935. This drop occurred because the increase in the compensation of employees in the Civilian Conservation Corps and on the Federal Emergency Relief Administration work projects and the pay of employees on the new Works Progress Administration projects were not sufficiently large to offset the pay rolls of the Civil Works Administration, which exceeded half a billion dollars during the early months of 1934, and which ceased entirely when the program was discontinued before the middle of that year.

Dividends rose 11 percent in 1935, but the total disbursements of this type of payment to individuals in 1935 were only 47 percent as much as in 1929. From the low in 1933, dividend payments have risen nearly 30 percent. Interest payments continued to decline in 1935 for the fifth consecutive year. Although the 1935 figure marked the low point for the period covered, it was only 13 percent below that of 1929, thus revealing the marked stability in this type of income payment relative to the other types. The refunding of securities at lower interest rates and the continued defaults on

long-term obligations led to the moderate decline in interest payments in 1935.

Employees' Share of Total Income at New Peak.

Of the total national income paid out in 1935, more than 67 percent was distributed as compensation for

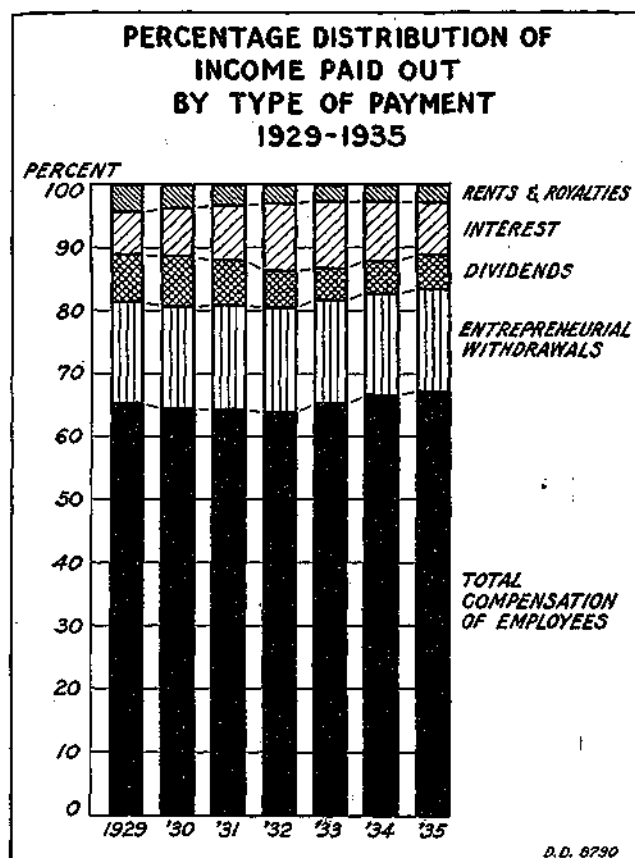


Figure 2.—Percentages Distribution of Income Paid Out, by Type of Payment.

labor services in the form of salaries, wages, and other labor payments. This proportion compares with 65.5 percent in 1929 and with 64 percent in 1932. Even when work relief wages are excluded entirely from the income estimates, the share of employees was larger in 1935 than in any other year covered by this study. There is no way in which the compensation of all employees can be classified as between wage earners and salaried workers and officers of corporations, nor between groups of employees according to sizes of income, so that it is not possible to evaluate the changes which have taken place for each employee group. However, from 1929 to 1933 the decline in the compensation of corporation officers as shown in Statistics of Income, 1933, closely paralleled the decline in the compensation of all other employees.

The proportion of total income paid out in the form of interest and dividends declined to a new low in 1935 at 13.6 percent as compared with 14.3 percent in 1929 and a peak of 16.5 percent in 1932. In 1935, dividends

increased slightly in relative importance and interest declined. Net rents and royalties improved relatively in 1935, but remained considerably below the 1929 proportion. Work relief wages accounted for 2.5 percent of the total income paid out in 1935 and for 2.8 percent in the preceding year.

Table 3.—Percentage Distribution of National Income by Types of Payment

	1929	1930	1931	1932	1933	1934	1935
Total income paid out.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total compensation of employees.....	65.5	64.7	64.5	64.0	65.4	66.8	67.3
Total salaries and wages.....	64.3	63.4	62.7	61.7	61.9	62.2	62.9
Work relief wages ¹	1.2	1.3	1.8	2.3	1.4	2.8	2.5
Other labor income.....	14.3	15.5	15.8	18.5	15.5	14.4	13.6
Total dividends and interest ²	7.6	7.9	7.0	5.7	4.9	5.1	5.3
Dividends.....	6.5	7.3	8.4	10.3	10.2	9.1	8.3
Interest.....	15.9	10.0	16.3	16.5	16.3	16.0	16.2
Entrepreneurial withdrawals.....	4.3	3.6	3.4	3.0	2.8	2.8	2.9
Net rents and royalties.....							

¹ Includes pay rolls and maintenance of Civilian Conservation Corps enrollees and pay rolls of Civil Works Administration, Federal Emergency Relief Administration, and Works Progress Administration work projects plus administrative pay rolls outside of Washington.

² Includes also net balance of international flow of property incomes.

Construction and Manufacturing Show Largest Gains in Income Produced.

Income produced was larger in 1935 than in 1934 for each of the 12 major industrial groups into which the data have been classified. Gains of 10 percent or more occurred in the construction, manufacturing, finance, agriculture, and service industries. Although the gains tended to be relatively larger in those industries which had suffered the greatest declines, nevertheless the net declines from 1929 to 1935 varied considerably from one group to another. In 1935, relative to 1929, income produced ranged from 30 percent in the construction and 47 percent in the mining industry to 72 percent in the communications industry and 74 percent in the electric light and power and manufactured-gas industry. From the low point in 1932, income produced in agriculture more than doubled, and regained more than half of the previous decline. In manufacturing, also, the net value of products more than doubled from 1932 to 1935, recovering 42 percent of the drop from 1929 to 1932.

For Government service it is not possible to estimate business savings, and therefore it has been assumed that income paid out is equal to income produced—that is, that the value of services rendered by all governmental agencies is equal to income payments made by these agencies. Including work relief wages, government-income disbursements were 27 percent higher in 1935 than in 1929. If work relief wages are excluded, the increase for this period was 8 percent. Except for a slight decline in 1932, total income paid out by all governmental organizations has increased steadily since 1929. In 1935, work relief wages accounted for approximately 15 percent of the total income paid out by governmental agencies.

As a percentage of the total, agriculture's share of the national income produced reached a new high in

1935 at 9.1 percent, as compared with 8.9 percent in 1929 and 5.9 percent in 1932. Manufacturing accounted for 23.8 percent of the total in 1929, 14.2 percent in

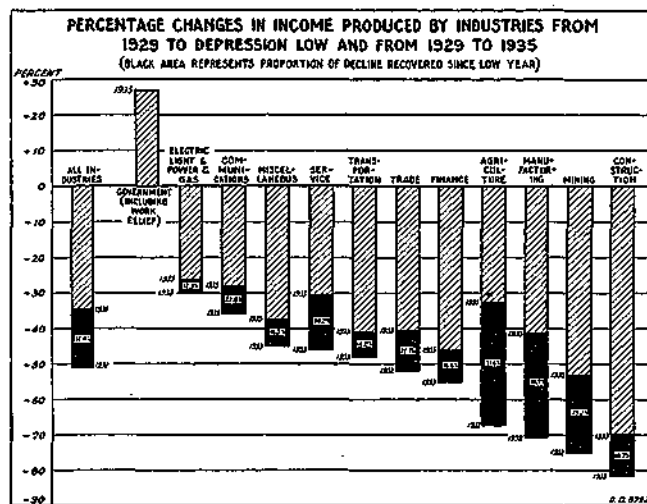


Figure 3.—Percentage Distribution of Income Produced by Industrial Divisions.

1932, and 21.4 percent in 1935. The contribution of government service rose from 8.4 percent in 1929 to 18.1 percent in 1933, and declined thereafter to 16.3

Table 4.—Income Produced, by Industrial Divisions
(Millions of dollars)

Item	1929	1930	1931	1932	1933	1934	1935
Total income produced.....	81,034	67,917	53,584	39,545	41,742	48,397	52,959
Agriculture.....	7,159	5,555	3,601	2,335	3,153	4,303	4,824
Mining.....	1,894	1,307	701	474	532	842	885
Electric light and power and gas.....	1,295	1,197	1,125	985	907	924	954
Manufacturing.....	18,308	14,072	9,526	5,623	7,797	9,791	11,326
Construction.....	3,225	2,756	1,742	670	595	729	980
Transportation.....	7,216	6,206	5,007	3,760	3,745	3,999	4,260
Communication.....	1,023	994	906	744	656	688	739
Trade.....	10,955	9,131	7,372	5,254	5,772	6,340	6,551
Finance.....	8,219	7,113	5,703	4,360	3,677	3,859	4,433
Government, including work relief program.....	6,805	7,043	7,189	7,148	7,360	8,365	8,646
Government, excluding work relief program.....	6,805	7,043	7,189	7,148	6,741	6,976	7,333
Work relief program.....	0	0	0	0	619	1,389	1,313
Service.....	9,207	8,459	7,198	5,379	4,957	5,802	6,404
Miscellaneous.....	4,728	4,084	3,515	2,813	2,601	2,755	2,954
Percentages of 1929							
Total income produced.....	100.0	83.8	66.1	48.8	51.5	59.7	65.4
Agriculture.....	100.0	77.6	50.3	32.6	44.0	60.1	67.4
Mining.....	100.0	69.0	37.0	25.0	27.6	44.5	46.9
Electric light and power and gas.....	100.0	92.4	86.9	76.1	70.0	71.4	73.7
Manufacturing.....	100.0	72.9	49.3	29.1	40.4	50.7	57.7
Construction.....	100.0	85.6	54.0	20.3	18.4	22.6	30.4
Transportation.....	100.0	86.0	69.4	52.3	51.9	55.4	59.0
Communication.....	100.0	97.2	88.6	72.7	64.0	67.3	72.2
Trade.....	100.0	83.4	67.3	48.0	52.7	57.9	59.5
Finance.....	100.0	86.5	69.4	53.0	44.7	47.0	53.9
Government, including work relief program.....	100.0	103.5	105.6	105.0	108.2	122.9	127.1
Government, excluding work relief program.....	100.0	103.5	105.6	105.0	99.1	102.5	107.8
Work relief program.....	0	0	0	0	6.8	15.8	15.8
Service.....	100.0	91.9	78.2	58.4	53.8	63.0	68.6
Miscellaneous.....	100.0	86.4	74.3	59.5	55.0	58.3	62.5

percent in 1935. For most industries the changes from 1934 to 1935 tended to bring them more in line with their 1929 relative positions.

All Industrial Divisions Disbursed More Income in 1935.

Total income payments in each industry were larger in 1935 than in 1934, with the gains varying from a fractional rise in the electric light and power industry to an increase of more than one-fourth in the construction industry. Despite the large percentage change in 1935, income paid out in that year by the construction industry was only slightly more than one-third of that paid in 1929. For all other industrial divisions, income disbursements in 1935 were more than one-half as large as in 1929, and in 5 of the 12 groups payments in 1935 varied from approximately two-thirds to five-sixths of the 1929 levels. Both the electric light and power and the communications industries paid out in 1935 over five-sixths as much as in 1929. The 1935 changes tended to reduce the disparities which had previously existed as a result primarily of the variations in the rates of decline from 1929 to 1933.

Table 5.—National Income Paid Out, by Industrial Divisions

(Millions of dollars)

Item	1929	1930	1931	1932	1933	1934	1935
Total income paid out.....	78,632	72,932	61,704	48,362	44,940	50,173	53,587
Agriculture.....	6,157	5,495	4,271	3,181	2,976	3,282	3,602
Mining.....	2,030	1,732	1,213	826	814	1,042	1,081
Electric light and power and gas.....	1,304	1,475	1,408	1,275	1,094	1,035	1,091
Manufacturing.....	18,013	15,940	12,364	8,543	8,514	10,258	11,427
Construction.....	3,257	2,939	1,969	948	786	874	1,111
Transportation.....	6,847	6,327	5,362	4,266	3,909	4,216	4,444
Communication.....	914	947	894	801	726	749	773
Trade.....	10,852	10,296	9,027	7,074	6,132	6,691	6,864
Finance.....	8,334	7,469	6,428	5,130	4,274	4,454	4,679
Government, including work relief program.....	6,805	7,043	7,189	7,148	7,360	8,365	8,646
Government, excluding work relief program.....	6,805	7,043	7,189	7,148	6,741	6,976	7,333
Work relief program.....	0	0	0	0	619	1,389	1,313
Service.....	9,271	8,787	7,673	6,056	5,462	6,150	6,634
Miscellaneous.....	4,798	4,502	3,906	3,114	2,893	3,007	3,165
Percentages of 1929							
Total income paid out.....	100.0	92.8	78.5	61.5	57.2	63.8	68.1
Agriculture.....	100.0	89.2	69.4	51.7	48.3	53.3	60.0
Mining.....	100.0	83.3	58.3	39.7	39.1	50.1	52.0
Electric light and power and gas.....	100.0	113.1	108.0	97.8	83.9	83.2	83.7
Manufacturing.....	100.0	88.5	68.0	47.4	47.8	56.9	63.4
Construction.....	100.0	90.2	60.5	29.1	24.1	26.8	34.1
Transportation.....	100.0	92.4	78.3	62.3	57.1	61.6	64.9
Communication.....	100.0	103.6	97.8	87.6	79.4	81.9	84.6
Trade.....	100.0	94.9	83.2	65.2	56.5	61.7	63.3
Finance.....	100.0	89.6	77.1	61.6	51.3	53.4	56.1
Government, including work relief program.....	100.0	103.5	105.6	105.0	108.2	122.9	127.1
Government, excluding work relief program.....	100.0	103.5	105.6	105.0	99.1	102.5	107.8
Work relief program.....	0	0	0	0	6.8	15.8	15.8
Service.....	100.0	94.6	82.8	65.3	58.8	66.3	71.3
Miscellaneous.....	100.0	93.9	81.4	64.9	60.3	62.7	66.0

Per Capita Incomes.

Estimates have been prepared of the number of employees in each year for the purpose of determining the trends of per capita incomes. Wherever data permitted, the employees have been converted to their full-time equivalent number, so that the comparisons of per-capita incomes from industry to industry and from year to year would more closely approximate the true variation in rates of annual earnings. As a result

of these adjustments, which in many instances must be based upon dubious assumptions, the figures have only limited use in reflecting employment changes, and, as indicated above, are not computed for that purpose. Per-capita incomes are determined by dividing the number of employees as shown in table 6 into the aggregate salaries and wages as shown in table 2. The number of entrepreneurs, including both employers and self-employed individuals, is not shown in table 6, but there is evidence to indicate that their number has varied from 9.5 million to 10 million during the period under review.

Table 6.—Number of Employees and the Per Capita Income of Employees¹

	1929	1930	1931	1932	1933	1934	1935
NUMBER OF EMPLOYEES (THOUSANDS)							
All employees ²	34,485	32,373	28,943	25,308	25,358	27,325	28,094
Salaried employees (selected industries) ³	2,212	2,183	1,917	1,594	1,503	1,610	1,643
Wage earners (selected industries) ³	12,247	10,751	8,930	7,300	7,740	8,734	9,065
Salaried employees or wage earners (all other industries).....	20,026	19,439	18,102	16,414	16,115	16,981	17,366
PER CAPITA INCOME OF EMPLOYEES							
All employees.....	\$1,466	\$1,427	\$1,336	\$1,178	\$1,097	\$1,143	\$1,201
Salaried employees (selected industries) ³	2,590	2,542	2,410	2,125	2,028	2,019	2,080
Wage earners (selected industries) ³	1,404	1,326	1,188	961	929	1,024	1,117
Salaried employees or wage earners (all other industries).....	1,383	1,359	1,296	1,183	1,092	1,122	1,162
Percentages of 1929							
NUMBER OF EMPLOYEES							
All employees.....	100.0	93.9	83.9	73.4	73.5	79.2	81.5
Salaried employees (selected industries) ³	100.0	98.7	86.4	72.1	67.9	72.8	74.3
Wage earners (selected industries) ³	100.0	87.8	72.9	59.6	63.2	71.3	74.2
Salaried employees or wage earners (all other industries).....	100.0	97.1	90.4	82.0	80.5	84.8	86.7
PER CAPITA INCOME OF EMPLOYEES							
All employees.....	100.0	97.3	91.1	80.4	74.8	78.0	81.9
Salaried employees (selected industries) ³	100.0	99.3	94.1	83.0	79.2	78.9	81.3
Wage earners (selected industries) ³	100.0	94.4	84.6	68.4	66.2	72.9	79.6
Salaried employees or wage earners (all other industries).....	100.0	98.3	93.7	85.5	79.0	81.1	84.0
Bureau of Labor Statistics cost of living index.....	100.0	97.9	89.5	80.6	76.2	78.7	82.1

¹ The estimates of the number employed are averages for the year and represent full-time equivalent numbers for industries in which data permit such adjustments.

² Does not include employers and self-employed persons, such as farmers, merchants, independent professional practitioners, etc.

³ Includes mining, manufacturing, construction, steam railroads, Pullman, railway express, and water transportation.

In interpreting the per-capita income figures it is most important to note that they do not represent the average incomes of all employable persons, or even the average income of those who worked at any time during the year. Rather, they approximate the average earnings of employees engaged throughout the

year. The average income of full-time employees dropped from \$1,466 in 1929 to \$1,097 in 1933, a decline of 25 percent. From 1933 to 1935 the average rose to \$1,201, thus increasing 9 percent and recovering 28 percent of the previous decline. The trend of the index of per-capita earnings of all employees and the trend of the Bureau of Labor Statistics cost-of-living index were very similar. In most years the indexes were within one point of each other, and in no year were they more than two points apart. The figures suggest that the real purchasing power of those who continued in full-time employment throughout the depression did not vary greatly. It is likely, however, that the trend in the annual rate of pay varied considerably from one industry to another and from one income level to another, so that such broad generalizations in reference to the purchasing power of all employees must be subjected to numerous qualifications.

The amplitude of the fluctuation in per capita wages appears to be considerably larger than the amplitude of the variations in per capita salaries. From 1929 to 1933 average wages in the industries for which salaries and wages could be segregated declined 34 percent, while average salaries declined only 21 percent. During the next 2 years per capita wages increased substantially while per capita salaries varied but slightly, and as a result the disparity between the trends of these two series was reduced materially. Average salaries generally declined less than did the cost of living, and average wages dropped more than did living costs. It is necessary to point out that the trends in either the number of per capita incomes of the salaried employees or wage earners in the selected industries are not typical of all salaried employees or all wage earners. It is obvious from the figures and index numbers in table 6 that the employees in the selected industries suffered more severely than did the employees in the other industries.

Estimates for 1934 and 1935 are Preliminary.

The estimates for the 2 latest years are subject to revision when the tabulations based on corporation income tax returns are completed, and data are made available from the 1935 Censuses of Manufactures, Agriculture, and Business.

Furthermore, because of revisions in the Federal income tax laws eliminating consolidated returns for 1934 and subsequent years for all industries, excepting railroads, it will probably be necessary to revise some of the earlier estimates derived from these sources.